

bank might be organized, with the approval of the Secretary of the Treasury, with a capital of not less than \$50,000. At least *fifty* per cent, of the capital was required to be paid up before beginning business and the remainder in instalments of ten per cent, of the whole amount of the capital at the end of each month. The bond deposit was fixed at not less than \$30,000 nor less than one-third the capital stock. Provision was afterwards made by the Act of June 20, 1874, for the withdrawal of circulating notes at the option of the banks and the surrender of an equivalent amount of bonds by the Treasury, provided that the amount of bonds on deposit should not be reduced below \$50,000. The limit was further reduced in 1882, for banks having a capital of \$150,000 or less, to one-fourth of their capital stock, but limitations were set upon both the retirement and the issue of new circulation. The withdrawal of currency was not permitted to proceed at the rate of more than \$3,000,000 per month for the entire country, and a bank reducing circulation was not entitled to receive any increase for the period of six months from the time it made a deposit of lawful money, in lieu of the bonds, for the redemption of outstanding notes.¹

The new banking currency was put upon the same depreciated paper basis as the bonds and legal tender notes of the government. It could not have circulated otherwise in common with United States notes, for it would have been at a premium, like gold, or would have been presented to the banks for redemption in gold for hoarding. The law made the notes redeemable in "lawful money." Redemption of this sort was simply the exchange of a note secured by one government obligation for another, and was of so little value that the banks were seldom troubled by the presentation of their notes, although they were required to carry large quan-

limitation proved troublesome to a few banks which desired to take out circulation quickly during the panic of 1893. The limitation upon taking new circulation was repealed by the Act of March 14, 1900, and the limit upon withdrawals was increased to \$9,000,000 per month by the Act of March 4, 1907.